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Blue Cross and Blue Shield of Rhode Island Direct Pay Rate Filing Effective April 1, 2008 Table of Contents

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Schedule 5

Section I:

Basic Required Rates (Pool I)

Schedule 6

Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool 1)
Calculation of HealthMate Direct 400
Required Monthly Subscription Rates
for April 1, 2008 Billing Cycle

Monthly Base Rate (A)	Rate Tier Normalization Factor (B)	Normalized Monthly Base Rate (C)	Individual			Family Rate Factor (D)	Family Rate Subscription Rate (F)
					(5)		
			(4)	(6)	(7)		
<i>Required Rate</i>							
Under 65	\$857.18	0.9865	\$868.91	0.784	\$684.67	1.477	\$1,294.77
Ages 65 and Over	\$857.18	0.9865	\$868.91	1.233	\$1,074.81	2.327	\$2,033.34

- (A) Per Schedule 18, Column 8 for HealthMate Direct 400.
(B) Factor to adjust monthly base rates to reflect enrollment distribution by age and contract type and product.
Factor is developed in Schedule 10, Line 9.
(C) Column 1 divided by Column 2.
(D) Factor to convert monthly normalized base rate to monthly subscription rates for Individual and Family and Under 65 and Ages 65 and Over rating categories. Factors are unchanged from the previous Direct Pay rate filing.
(E) Column 3 times Column 4 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
(F) Column 3 times Column 6 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).

11/15/2007

Schedule 7

Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of HealthMate Direct 2000
Required Monthly Subscription Rates
for April 1, 2008 Billing Cycle

Monthly <u>Base Rate</u> (A)	Rate Tier Normalization Factor (B)	Normalized Monthly <u>Base Rate</u> (C)	Individual			Family Monthly Subscription Rate (F)
			Monthly		(5)	
			Rate Factor (D)	Subscription Rate (E)	(6)	
<i>Required Rate</i>						
Under 65	\$643.13	0.9865	\$651.93	0.784	\$514.55	1.477
Ages 65 and Over	\$643.13	0.9865	\$651.93	1.233	\$807.27	2.327
						\$1,528.43

- (A) Per Schedule 18, Column 8 for HealthMate Direct 2000.
(B) Factor to adjust monthly base rates to reflect enrollment distribution by age and contract type and product.
Factor is developed in Schedule 10, Line 9.
(C) Column 1 divided by Column 2.
(D) Factor to convert monthly normalized base rate to monthly subscription rates for Individual and Family and Under 65 and Ages 65 and Over rating categories. Factors are unchanged from the previous Direct Pay rate filing.
(E) Column 3 times Column 4 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
(F) Column 3 times Column 6 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).

Schedule 8

Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool 1)

**Calculation of HealthMate for HSA 3000 Required
Monthly Subscription Rates
for April 1, 2008 Billing Cycle**

Monthly <u>Base Rate</u>	(A)	(2)	(3)	Individual			Family		
				Rate Tier <u>Normalization Factor</u>	Normalized <u>Monthly Base Rate</u>	Monthly		Rate <u>Subscription Factor</u>	Rate <u>Family Factor</u>
				(B)	(C)	(D)	(E)	(F)	(F)
<i>Required Rate</i>									
Under 65	\$550.55	0.9865	\$558.08	0.784	\$440.97	1.477	\$835.67		
Ages 65 and Over	\$550.55	0.9865	\$558.08	1.233	\$691.55	2.327	\$1,310.04		

- (A) Per Schedule 18, Column 8 for HealthMate for HSA 3000.
- (B) Factor to adjust monthly base rates to reflect enrollment distribution by age and contract type and product. Factor is developed in Schedule 10, Line 9.
- (C) Column 1 divided by Column 2.
- (D) Factor to convert monthly normalized base rate to monthly subscription rates for Individual and Family and Under 65 and Ages 65 and Over rating categories. Factors are unchanged from the previous Direct Pay rate filing.
- (E) Column 3 times Column 4 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (F) Column 3 times Column 6 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).

Schedule 9

Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
**Calculation of HealthMate for HSA 5000 Required
Monthly Subscription Rates
for April 1, 2008 Billing Cycle**

Monthly Base Rate <u>(A)</u>	Rate Tier Normalization Factor <u>(B)</u>	Normalized Monthly Base Rate <u>(C)</u>	Individual			Family Subscription Rate <u>(F)</u>	
			Monthly Subscription Rate <u>(D)</u>		(5)		
			Rate <u>(E)</u>	Factor <u>(D)</u>			
<i>Required Rate</i>							
Under 65	\$434.07	0.9865	\$440.01	0.784	\$348.41	1.477	
Ages 65 and Over	\$434.07	0.9865	\$440.01	1.233	\$545.97	2.327	
						\$1,035.29	

- (A) Per Schedule 18, Column 8 for HealthMate for HSA 5000.
(B) Factor to adjust monthly base rates to reflect enrollment distribution by age and contract type and product.
Factor is developed in Schedule 10, Line 9.
(C) Column 1 divided by Column 2.
(D) Factor to convert monthly normalized base rate to monthly subscription rates for Individual and Family and Under 65 and Ages 65 and Over rating categories. Factors are unchanged from the previous Direct Pay rate filing.
(E) Column 3 times Column 4 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1)
plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
(F) Column 3 times Column 6 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2)
plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).

Schedule 10
Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Rate Tier Normalization Factor

	(1)	(2)	(3)	(4)	(5)	(6)
<u>Rate Tier</u>	<u>Factor</u> (A)	Base Period Contract Months				<u>Total</u>
		HealthMate Direct <u>400</u>	HealthMate Direct <u>2000</u>	HealthMate for HSA <u>3000</u>	HealthMate for HSA <u>5000</u>	
1. Individual: Under 65	0.784	21,441	7,683	11,373	3,123	
2. Family: Under 65	1.477	8,324	3,478	4,328	919	
3. Individual: 65 and Over	1.233	565	36	125	54	
4. <u>Family: 65 and Over</u>	2.327	<u>136</u>	<u>0</u>	<u>0</u>	<u>0</u>	
5. Total		30,466	11,197	15,826	4,096	61,585
6. Rate Relativity Factor (B)		0.861	0.646	0.553	0.436	
7. Rate Tier and Rate Relativity Adjusted Contract Months (C)		25,931	7,238	8,551	1,688	43,408
8. Rate Relativity Adjusted Contract Months (D)		26,231	7,233	8,752	1,786	44,002
9. Rate Tier Normalization Factor (E)						0.9865

(A) Factors are unchanged from the previous Direct Pay rate filing.

(B) Per Schedule 18, Column 3.

(C) The sum of the products of Column 1 and Columns 2 through 5 times the Rate Relativity Factor (Line 6) for each respective insurance product.

(D) Line 5 times Line 6.

(E) Line 7 divided by Line 8.

Schedule 11

Section II:

Preferred Required Rates (Pool II)

Schedule 12
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate Direct 400 Required Monthly Subscription Rates
for April 1, 2008 Billing Cycle

(i)	Required Monthly Base Rate	\$418.54 (A)
(ii)	Rate Tier Normalization Factor	1.0170 (B)
(iii)	Normalized Required Monthly Base Rate	\$411.54 (C)

Age Category	Rate Factor (D)	Individual		Family		Required Monthly Subscription (G)	
		Male		Female			
		Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)		
Under 25	0.462	\$193.57	0.646	\$269.29	1.548	\$648.45	
25-29	0.511	\$213.74	0.732	\$304.69	1.734	\$725.00	
30-34	0.582	\$242.96	0.870	\$361.48	1.839	\$768.21	
35-39	0.666	\$277.53	0.863	\$358.60	1.941	\$810.19	
40-44	0.712	\$296.46	0.944	\$391.93	1.984	\$827.89	
45-49	0.861	\$357.78	1.046	\$433.91	2.091	\$871.92	
50-54	1.091	\$452.43	1.222	\$506.34	2.329	\$969.87	
55-59	1.398	\$578.77	1.395	\$577.54	2.607	\$1,084.27	
60-64	1.495	\$618.69	1.495	\$618.69	2.833	\$1,177.28	
65+		\$1,074.81 (H)		\$1,074.81 (H)		\$2,033.34 (H)	

- (A) Per Schedule 19, Column 8 for HealthMate Direct 400.
- (B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product.
Factor is developed in Schedule 16, Line 32.
- (C) Item (i) divided by Item (ii).
- (D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous Direct Pay rate filing.
- (E) Item (iii) times Column 1 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (F) Item (iii) times Column 3 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (G) Item (iii) times Column 5 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).
- (H) Preferred (Pool II) rate for Ages 65 and over equal to Required Basic (Pool I) rate for same age category.

Schedule 13
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate Direct 2000 Required Monthly Subscription Rates
for April 1, 2008 Billing Cycle

(i)	Required Monthly Base Rate	\$314.02 (A)
(ii)	Rate Tier Normalization Factor	1.0170 (B)
(iii)	Normalized Required Monthly Base Rate	\$308.77 (C)

Age Category	Rate Factor (D)	Individual		Family		Required Monthly Subscription Rate (G)	
		Male		Female			
		Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)		
Under 25	0.462	\$146.09	0.646	\$202.91	1.548	\$489.37	
25-29	0.511	\$161.22	0.732	\$229.46	1.734	\$546.80	
30-34	0.582	\$183.14	0.870	\$272.07	1.839	\$579.22	
35-39	0.666	\$209.08	0.863	\$269.91	1.941	\$610.71	
40-44	0.712	\$223.28	0.944	\$294.92	1.984	\$623.99	
45-49	0.861	\$269.29	1.046	\$326.41	2.091	\$657.03	
50-54	1.091	\$340.31	1.222	\$380.76	2.329	\$730.52	
55-59	1.398	\$435.10	1.395	\$434.17	2.607	\$816.35	
60-64	1.495	\$465.05	1.495	\$465.05	2.833	\$886.14	
65+		\$807.27 (H)		\$807.27 (H)		\$1,528.43 (H)	

- (A) Per Schedule 19, Column 8 for HealthMate Direct 2000.
- (B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product.
Factor is developed in Schedule 16, Line 32.
- (C) Item (i) divided by Item (ii).
- (D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous Direct Pay rate filing.
- (E) Item (iii) times Column 1 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (F) Item (iii) times Column 3 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (G) Item (iii) times Column 5 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).
- (H) Preferred (Pool II) rate for Ages 65 and over equal to Required Basic (Pool I) rate for same age category.

Schedule 14
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate for HSA 3000 Required Monthly Subscription Rates
for April 1, 2008 Billing Cycle

(i)	Required Monthly Base Rate	\$268.82 (A)
(ii)	Rate Tier Normalization Factor	1.0170 (B)
(iii)	Normalized Required Monthly Base Rate	\$264.33 (C)

Age Category	Rate Factor (D)	Individual		Family		Required Monthly Subscription (G)	
		Male		Female			
		Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)		
Under 25	0.462	\$125.56	0.646	\$174.20	1.548	\$420.57	
25-29	0.511	\$138.51	0.732	\$196.93	1.734	\$469.74	
30-34	0.582	\$157.28	0.870	\$233.41	1.839	\$497.49	
35-39	0.666	\$179.48	0.863	\$231.56	1.941	\$524.45	
40-44	0.712	\$191.64	0.944	\$252.97	1.984	\$535.82	
45-49	0.861	\$231.03	1.046	\$279.93	2.091	\$564.10	
50-54	1.091	\$291.82	1.222	\$326.45	2.329	\$627.01	
55-59	1.398	\$372.97	1.395	\$372.18	2.607	\$700.50	
60-64	1.495	\$398.61	1.495	\$398.61	2.833	\$760.24	
65+		\$691.55 (H)		\$691.55 (H)		\$1,310.04 (H)	

- (A) Per Schedule 19, Column 8 for HealthMate for HSA 3000.
- (B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product.
Factor is developed in Schedule 16, Line 32.
- (C) Item (i) divided by Item (ii).
- (D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous Direct Pay rate filing.
- (E) Item (iii) times Column 1 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (F) Item (iii) times Column 3 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (G) Item (iii) times Column 5 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).
- (H) Preferred (Pool II) rate for Ages 65 and over equal to Required Basic (Pool I) rate for same age category.

Schedule 15
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate for HSA 5000 Required Monthly Subscription Rates
for April 1, 2008 Billing Cycle

(i)	Required Monthly Base Rate	\$211.94 (A)
(ii)	Rate Tier Normalization Factor	1.0170 (B)
(iii)	Normalized Required Monthly Base Rate	\$208.40 (C)

Age Category	(1)	(2)	(3)	(4)	(5)	(6)
	Individual				Family	
	Male	Required Monthly Subscription Rate (E)	Female	Required Monthly Subscription Rate (F)	Male/Female	Required Monthly Subscription Rate (G)
Rate Factor (D)	Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)	Required Monthly Subscription Rate (G)	Rate Factor (D)
Under 25	0.462	\$99.72	0.646	\$138.07	1.548	\$333.99
25-29	0.511	\$109.93	0.732	\$155.99	1.734	\$372.76
30-34	0.582	\$124.73	0.870	\$184.75	1.839	\$394.64
35-39	0.666	\$142.23	0.863	\$183.29	1.941	\$415.89
40-44	0.712	\$151.82	0.944	\$200.17	1.984	\$424.86
45-49	0.861	\$182.87	1.046	\$221.43	2.091	\$447.15
50-54	1.091	\$230.80	1.222	\$258.10	2.329	\$496.75
55-59	1.398	\$294.78	1.395	\$294.16	2.607	\$554.69
60-64	1.495	\$315.00	1.495	\$315.00	2.833	\$601.79
65+		\$545.97 (H)		\$545.97 (H)		\$1,035.29 (H)

- (A) Per Schedule 19, Column 8 for HealthMate for HSA 5000.
- (B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product.
Factor is developed in Schedule 16, Line 32.
- (C) Item (i) divided by Item (ii).
- (D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous Direct Pay rate filing.
- (E) Item (iii) times Column 1 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (F) Item (iii) times Column 3 plus individual Solid Organ Transplant rate (\$1.19 per Schedule 50, Column 1) plus individual Bone Marrow Transplant rate (\$2.25 per Schedule 50, Column 3).
- (G) Item (iii) times Column 5 plus family Solid Organ Transplant rate (\$3.88 per Schedule 50, Column 2) plus family Bone Marrow Transplant rate (\$7.51 per Schedule 50, Column 4).
- (H) Preferred (Pool II) rate for Ages 65 and over equal to Required Basic (Pool I) rate for same age category.

Schedule 16
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Rate Tier Normalization Factor

	Rate Tier Factor (A)	Base Period Contract Months				Total
		HealthMate Direct 400	HealthMate Direct 2000	HealthMate for HSA 3000	HealthMate for HSA 5000	
1. Individual Male: Under 25	0.462	3,275	1,082	2,151	240	
2. Individual Male: 25-29	0.511	2,755	637	1,777	217	
3. Individual Male: 30-34	0.582	1,248	269	609	112	
4. Individual Male: 35-39	0.666	1,346	228	629	92	
5. Individual Male: 40-44	0.712	1,365	304	587	129	
6. Individual Male: 45-49	0.861	1,233	266	762	258	
7. Individual Male: 50-54	1.091	998	325	633	305	
8. Individual Male: 55-59	1.398	564	269	484	287	
9. Individual Male: 60-64	1.495	454	105	219	113	
10. Individual Female: Under 25	0.646	1,881	1,039	1,410	201	
11. Individual Female: 25-29	0.732	1,601	745	1,013	274	
12. Individual Female: 30-34	0.870	742	290	367	108	
13. Individual Female: 35-39	0.863	671	311	429	154	
14. Individual Female: 40-44	0.944	789	272	550	151	
15. Individual Female: 45-49	1.046	779	201	675	158	
16. Individual Female: 50-54	1.222	715	321	570	195	
17. Individual Female: 55-59	1.395	750	259	527	243	
18. Individual Female: 60-64	1.495	775	219	715	219	
19. Family: Under 25	1.548	33	10	8	8	
20. Family: 25-29	1.734	176	35	79	15	
21. Family: 30-34	1.839	434	196	167	29	
22. Family: 35-39	1.941	868	381	281	56	
23. Family: 40-44	1.984	891	397	403	113	
24. Family: 45-49	2.091	736	325	542	183	
25. Family: 50-54	2.329	604	231	349	79	
26. Family: 55-59	2.607	277	90	315	127	
27. Family: 60-64	2.833	194	96	80	35	
28. Total		26,154	8,903	16,331	4,101	55,489
29. Rate Relativity Factor (B)		0.861	0.646	0.553	0.436	
30. Rate Tier and Rate Relativity Adjusted Contract Months (C)		22,565	6,098	9,018	2,074	39,755
31. Rate Relativity Adjusted Contract Months (D)		22,519	5,751	9,031	1,788	39,089
32. Rate Tier Normalization Factor (E)						1.0170

- (A) Factors are unchanged from the previous Direct Pay rate filing.
- (B) Per Schedule 19, Column 3.
- (C) The sum of the products of Column 1 and Columns 2 through 5 times the Rate Relativity Factor (Line 29) for each respective insurance product.
- (D) Line 28 times Line 29.
- (E) Line 30 divided by Line 31.

Schedule 17

Section III:

**Calculation of Monthly Base Rates for
Basic and Preferred (Pool I and Pool II)**

(Excludes Rates for Organ Transplants)

Schedule 18

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool 1)**
**Calculation of Required Monthly Base Rates
for April 1, 2008 Billing Cycle**

<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>
<u>Contract Months</u>	<u>Composite Required Monthly Base Rate</u>	<u>Rate Relativity Factor</u>	<u>Required Monthly Base Rate Without Wellness Health Benefit</u>	<u>Reward for Wellness Health Benefit</u>	<u>Projected Wellness Health Benefit Plan Participation</u>	<u>Net Premium Collected After Wellness Health Benefit Reward</u>	<u>Required Monthly Base Rate With Wellness Health Benefit</u>
<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>	<u>(E)</u>	<u>(F)</u>	<u>(G)</u>	<u>(H)</u>
HealthMate Direct 400	30,466	\$708.40	0.861 (C)	\$853.65	\$0.00	0%	\$853.65
HealthMate Direct 2000	11,197	\$708.40	0.646 (C)	\$640.48	\$64.05	25%	\$624.47
HealthMate for HSA 3000	15,826	\$708.40	0.553 (C)	\$548.28	\$0.00	0%	\$548.28
HealthMate for HSA 5000	4,096	<u>\$708.40</u>	<u>0.436 (C)</u>	<u>\$432.28</u>	<u>\$0.00</u>	<u>0%</u>	<u>\$432.28</u>
Composite	61,585	\$708.40	0.7145 (D)	\$708.40		\$705.48	\$711.32

(A) Base period contract months.

(B) Per Schedule 21, Column 6, for Basic Rates (Pool 1).

(C) Rate Relativity Factors are unchanged from previous Direct Pay rate filing.

(D) Column 3 weighted by contract months in Column 1.

(E) Column 2 times Column 3 divided by the composite of Column 3.

(F) Reimbursement to members participating in Wellness Health Benefit Plan, Column 4 times 10%.

(G) The Wellness Health Benefit Plan premium reward is being offered only in the HealthMate 2000 Plan. The ultimate expected participation rate is high due to lenient fulfillment requirements, but we have also considered that there will be initial inertia to overcome while members enroll throughout the year. Thus we believe that over the rate period, 4/1/08-3/31/09, 25% of the HealthMate 2000 population is a reasonable estimate for the average participation rate in the Wellness Health Benefit Plan.

(H) Column 4 times (1 minus Column 6) plus (Column 4 minus Column 5) times Column 6.

(I) Accounts for loss of revenue due to Wellness Health Benefit Plan. Calculated as: Column 4 times composite of Column 4 divided by Composite of Column 7.

Schedule 19

**Blue Cross and Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Required Monthly Base Rates
for April 1, 2008 Billing Cycle**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Contract Months	Composite Required Monthly Base Rate	Rate Relativity Factor	Required Monthly Base Rate	Monthly Reward for Wellness Health Benefit Participants	Projected Wellness Health Benefit Plan Participation Rate	Net Premium Collected After Wellness Health Benefit Reward	Required Monthly Base Rate With Wellness Health Benefit
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
HealthMate Direct 400	26,154	\$341.18	0.861 (C)	\$417.03	\$0.00	0%	\$417.03
HealthMate Direct 2000	8,903	\$341.18	0.646 (C)	\$312.89	\$31.29	25%	\$305.07
HealthMate for HSA 3000	16,331	\$341.18	0.553 (C)	\$267.85	\$0.00	0%	\$267.85
HealthMate for HSA 5000	4,101	<u>\$341.18</u>	<u>0.436 (C)</u>	<u>\$211.18</u>	<u>\$0.00</u>	<u>0%</u>	<u>\$211.18</u>
Composite	55,489	\$341.18	0.7044 (D)	\$341.18		\$339.95	\$342.44

- (A) Base period contract months.
- (B) Schedule 21, Column 6 for Preferred Rates (Pool II).
- (C) Rate Relativity Factors are unchanged from previous Direct Pay rate filing.
- (D) Column 3 weighted by contract months in Column 1.
- (E) Column 2 times Column 3 divided by the composite of Column 3.
- (F) Reimbursement to members participating in Wellness Health Benefit Plan, Column 4 times 10%.
- (G) The Wellness Health Benefit Plan premium reward is being offered only in the HealthMate 2000 Plan. The ultimate expected participation rate is high due to lenient fulfillment requirements, but we have also considered that there will be initial inertia to overcome while members enroll throughout the year. Thus we believe that over the rate period, 4/1/08-3/31/09, 25% of the HealthMate 2000 population is a reasonable estimate for the average participation rate in the Wellness Health Benefit Plan.
- (H) Column 4 times (1 minus Column 6) plus (Column 4 minus Column 5) times Column 6.
- (I) Accounts for loss of revenue due to Wellness Health Benefit Plan. Calculated as: Column 4 times composite of Column 4 divided by Composite of Column 7.

Schedule 20

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Rate Change Comparison of Minimum Pool II Loss Ratio and Proposed Loss Ratios
for April 1, 2008 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	Required Loss Ratio	
										70% Loss Ratio for Pool II	
										Projected	Experience Adjusted Loss Ratio
										Incurred	Composite
										Claims	Required
										Including	Monthly
										Mandates	Base Rate
										(E)	(L)
										(H)	Change
										(I)	(M)
Basic Rates (Pool I)	61,585	\$618.67	(B)	\$702.80	0.9417	(F)	\$746.31	20.6%	0.9921 (J)	\$708.40	14.5%
Preferred Rates (Pool II)	<u>55,489</u>	<u>\$317.38</u>	(C)	<u>\$209.38</u>	<u>0.7000</u>	(G)	<u>\$299.11</u>	<u>-5.8%</u>	<u>0.6137 (K)</u>	<u>\$341.18</u>	<u>7.5%</u>
Composite	117,974	\$475.87	(D)	\$468.94	0.8776		\$534.36	12.3%	0.8776	\$534.36	12.3%

- (A) Base period contract months.
- (B) Weighted average present rate income for Basic Rates effective April 1, 2007.
- (C) Weighted average present rate income for Preferred Rates effective April 1, 2007.
- (D) Weighted by contract months in Column 1.
- (E) Per Schedule 23, Column 4.
- (F) Loss ratio required to achieve the composite required loss ratio after Preferred Rates (Pool II) loss ratio is set to .70. Calculated as: [(Column 1 times Column 3 for Pool I) divided by (Column 1 times Column 3 divided by Column 4 for Pool II)].
- (G) Minimum 70% Loss Ratio per last rate decision.
- (H) Column 3 divided by Column 4.
- (I) Column 5 divided by Column 2. Note that this does not include Organ Transplant and is prior to the incorporating the impact of Wellness Health Benefit Plan; the percent changes are on a consistent basis as Column 9.
- (J) Required loss ratio after adjustment to current pool rate alignment basis loss ratio. Calculated as: Column 3 divided by Column 2, divided by an adjustment factor of 1.145 (chosen to cap the Pool I rate increase, including Wellness Health Benefit Plan, at 15%).
- (K) Loss ratio required to achieve the composite required loss ratio after Basic Rates (Pool I) loss ratio is experience adjusted. Calculated as: [(Column 1 times Column 3 for Pool II) divided by (Column 1 times Column 3 divided by Column 7 for Pool I)].
- (L) Column 3 divided by Column 7.
- (M) Column 8 divided by Column 2. Note that this does not include Organ Transplant and is prior to the incorporating the impact of Wellness Health Benefit Plan; the percent changes are on a consistent basis as Column 6.

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Schedule 21

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Composite Required Monthly Base Rates
for April 1, 2008 Billing Cycle**

	(1)	(2)	(3)	(4)	(5)	(6)	Projected Incurred			Required Loss Ratio		
							Claims Including Mandates	Full Experience Basis	Current Pool Rate Alignment Basis	Experience Adjusted Basis	Composite Required Monthly Base Rate	
Contract Months	(A)	(B)	(C)	(D)	(E)	(F)	(G)					
Basic Rates (Pool I)	61,585	\$702.80	0.9073	1.0116	0.9921	(E)	\$708.40					
Preferred Rates (Pool II)	<u>55.489</u>	<u>\$209.38</u>	<u>0.7821</u>	<u>0.5875</u>	<u>0.6137</u>	(F)	<u>\$341.18</u>					
Composite	117,074	\$468.94	0.8776	0.8776	0.8776		\$534.36					

- (A) Base period contract months.
- (B) Per Schedule 23, Column 4.
- (C) Per Schedule 23, Column 11.
- (D) Per Schedule 22, Column 6.
- (E) Required loss ratio after adjustment to current pool rate alignment basis loss ratio. Calculated as: Column 2 divided by the Pool I present rate of income PCPM per Schedule 22, Column 4 (\$618.67) divided by an adjustment factor of 1.145 (chosen to cap the Pool I rate increase at 15%).
- (F) Loss ratio required to achieve the composite required loss ratio after Basic Rates (Pool I) loss ratio is experience adjusted. Calculated as: (Column 1 times Column 2 for Pool II) divided by [(Column 1 times Column 2 divided by Column 5 for Total Class DIR) minus (Column 1 times Column 2 divided by Column 5 for Pool I)].
- (G) Column 2 divided by Column 5.

Schedule 22

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Required Loss Ratios on Current Pool Rate Alignment Basis
for April 1, 2008 Billing Cycle

	(1)	(2)	(3)	(4)	Current Pool Rate Alignment Basis	
					Required Income <u>PCPM</u> (C)	Required Income <u>PCPM</u> (H)
Basic Rates (Pool I)	61,585	\$702.80		\$618.67 (D)	\$694.71	1.0116
Preferred Rates (Pool II)	<u>55,489</u>	<u>\$209.38</u>		<u>\$317.38 (E)</u>	<u>\$356.39</u>	<u>0.5875</u>
Composite	117,074	\$468.94	\$534.36	\$475.87 (F)	\$534.36	0.8776

- (A) Base period contract months.
- (B) Per Schedule 23, Column 4.
- (C) Per Schedule 23, Column 10.
- (D) Weighted average present rate income for Basic Rates effective April 1, 2007.
- (E) Weighted average present rate income for Preferred Rates effective April 1, 2007.
- (F) Weighted by contract months in Column 1.
- (G) Required Income PCPM, adjusted to reflect current rate alignment between Pools I and II. Calculated as: (Column 3 composite) times (Column 4 divided by Column 4 composite).
- (H) Column 2 divided by Column 5.

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Schedule 23

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Required Loss Ratios on Full Experience Basis
for April 1, 2008 Billing Cycle

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Contract Months (A)	Projected Incurred Claims Expense PCPM	State Assessments Impact (E)	Projected Incurred Claims Including Assessments (F)	Administrative Expense PCPM (G)	Inurred Claims and Administrative Expense PCPM (H)	Investment Income Credit PCPM (I)	New System Expense (J)	Contribution to Reserve/ Tax Liability PCPM (K)	Required Income PCPM (L)	Required Loss Ratio (M)
Basic Rates (Pool I)	\$695.02	(B)	1.0112	\$702.80	\$51.23	\$754.03	(\$1.51)	\$3.87	\$18.20	\$774.59
Preferred Rates (Pool II)	<u>\$5,489</u>	<u>\$207.06</u> (C)	1.0112	<u>\$209.38</u>	<u>\$51.23</u>	<u>\$260.61</u>	<u>(\$0.52)</u>	<u>\$1.34</u>	<u>\$6.29</u>	<u>\$267.72</u>
Composite	117,074	\$463.74 (D)		\$468.94	\$51.23	\$520.17	(\$1.04)	\$2.67	\$12.56	\$534.36

(A) Base period contract months.

(B) Per Schedule 30, Composite of Column 2.

(C) Per Schedule 30, Composite of Column 4.

(D) Weighted by contract months in Column 1.

(E) Per Schedule 25, Line 5.

(F) Column 2 times Column 3.

(G) Per Schedule 47, Column 2.

(H) Column 4 plus Column 5.

(I) Reduction of required subscription income per contract month due to anticipated return on invested funds. Assumed to be 0.20% of projected incurred claims and administrative expense (Column 6 times -0.0020).

(J) Rating component for new "core payment system" which is 0.5% of the required income. Calculated as: 0.5% times (Column 6 + Column 7) divided by (1.0000 minus .01 (reserve contribution) minus .0025 (federal tax liability) minus .011 (state premium tax assessment) minus .005 (new system expense)).

(K) A 1% reserve contribution plus 0.25% federal tax liability plus 1.1% state premium assessment. Calculated as: (Column 6 + Column 7 + Column 8) divided by (1.0000 minus .01 (reserve contribution) minus .0025 (federal tax liability) minus .011 (state premium tax assessment)) minus .011 (state premium tax assessment)).

(L) Sum of Columns 6 through 9.

(M) Column 4 divided by Column 10.

Schedule 24

Section IV:

**Calculation of Claims Impact of
State Assessments**

Schedule 25

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of State Assessments**

1. Calculated Claims Impact of Child Immunization Assessments (A)	0.65%
2. Calculated Claims Impact of Adult Immunization Assessment (B)	0.22%
3. Calculated Claims Impact of CEDARR, CIS, Home Services (C)	0.25%
4. Total Calculated Claims Impact of State Assessments (D)	1.12%
5. State Assessment Claims Impact Factor (E)	1.0112

- (A) Per Schedule 26, Line 7.
- (B) Per Schedule 27, Line 7.
- (C) Per Schedule 28, Line 7.
- (D) Sum of Lines 1 through 3.
- (E) Claims Impact Factor reflecting increase in claims due to State Assessments,
which is equal to 1 plus Line 4.

Schedule 26

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of Child Immunization Assessment

	(1)	(2)	(3)	(4)
	<u>Number of Months</u>	<u>Direct Pay Premium</u>	<u>Assessment Percentage</u> (A)	<u>Assessment Dollars</u> (B)
1. Assessment Based on CY 2006 Premium	3	\$53,655,566	0.65%	\$348,761
2. <u>Assessment Based on CY 2007 Premium</u>	9	\$53,618,650	0.65%	<u>\$348,521</u>
3. Rate Period Assessment (C)				\$348,581
4. Rate Period Projected Contract Months				115,584
5. Rate Period Per Contract Per Month (D)				\$3.02
6. Rate Period Projected Claims Expense (E)				\$463.74
7. Claims Impact of Child Immunization Assessment (F)				0.65%

- (A) Percentage of premium for child immunization assessment under Sections 23-1-44 through 23-1-46 of the RI General Laws based on most recent RI Department of Health invoice.
(B) Column 2 times Column 3.
(C) Weighted average of Lines 1 and 2 weighted by Column 1 months.
(D) Line 3 divided by Line 4.
(E) Weighted average of the projected claims expense for the rating year from Schedule 30.
(F) Line 5 divided by Line 6.

Schedule 27
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of Adult Immunization Assessment

	(1)	(2)	(3)	(4)
	<u>Number of Months</u>	<u>Direct Pay Premium</u>	<u>Estimated Percentage (A)</u>	<u>Assessment Dollars (B)</u>
1.	Assessment Based on CY 2006 Premium	3	\$53,655,566	0.22% \$118,042
2.	<u>Assessment Based on CY 2007 Premium</u>	9	\$53,618,650	0.22% <u>\$117,961</u>
3.	Rate Period Assessment (C)			\$117,981
4.	Rate Period Projected Contract Months			115,584
5.	Rate Period Per Contract Per Month (D)			\$1.02
6.	Rate Period Projected Claims Expense (E)			\$463.74
7.	Claims Impact of Adult Immunization Assessment (F)			0.22%

- (A) Percentage of premium for adult immunization assessment under Sections 23-1-44 through 23-1-46 of the RI General Laws based on most recent RI Department of Health invoice.
- (B) Column 2 times Column 3.
- (C) Weighted average of Lines 1 and 2 weighted by Column 1 months.
- (D) Line 3 divided by Line 4.
- (E) Weighted average of the projected claims expense for the rating year from Schedule 30. To prevent double counting, claims expense associated with adult immunizations have been excluded from the claims experience.
- (F) Line 5 divided by Line 6.

Schedule 28
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of CEDARR, CIS, and Home Services

	(1)	(2)	(3)	(4)
	<u>Number of Months</u>	<u>Direct Pay Premium</u>	<u>Estimated Percentage (A)</u>	<u>Assessment Dollars (B)</u>
1. Assessment Based on CY 2006 Premium	3	\$53,655,566	0.255%	\$136,822
2. <u>Assessment Based on CY 2007 Premium</u>	9	\$53,618,650	0.255%	<u>\$136,728</u>
3. Rate Period Assessment (C)				\$136,752
4. Rate Period Projected Contract Months				115,584
5. Rate Period Per Contract Per Month (D)				\$1.18
6. Rate Period Projected Claims Expense (E)				\$463.74
7. Claims Impact of CEDARR, CIS, Home Services (F)				0.25%

- (A) Percentage of premium for CEDARR assessment under Sections 42-12-29 of the RI General Laws based on most recent RI Department of Health invoice.
- (B) Column 2 times Column 3.
- (C) Weighted average of Lines 1 and 2 weighted by Column 1 months.
- (D) Line 3 divided by Line 4.
- (E) Weighted average of the projected claims expense for the rating year from Schedule 30.
- (F) Line 5 divided by Line 6.

Schedule 29

Section V:

**Calculation of Projected Paid Claims
for Basic and Preferred (Pool I and
Pool II) Rate Development**

Schedule 30

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Composite Paid Claims Expense Per Contract Month
for April 1, 2008 Billing Cycle**

	(1)	(2)	(3)	(4)	(5)	(6)	Pool I				Pool II				Total			
							Base	Projected					Base	Projected				
							Period	Paid	Claims	PCPM	Contract	Months	PCPM	(B)	Period	Paid	Claims	PCPM
							(A)								(A)			
HealthMate Direct 400	30,466	\$967.74		26,154		\$328.91									56,620		\$672.65	
HealthMate Direct 2000	11,197	\$446.92		8,903		\$143.20									20,100		\$312.39	
HealthMate for HSA 3000	15,826	\$502.87		16,331		\$93.16									32,157		\$294.80	
HealthMate for HSA 5000	<u>4,096</u>	<u>\$87.11</u>		<u>4,101</u>		<u>\$22.12</u>									<u>8,197</u>		<u>\$54.60</u>	
TOTAL	61,585	\$695.02		55,489		\$207.06									117,074		\$463.74	

(A) Base period contract months.

(B) Per Schedules 31-38, Column 7.

(C) Weighted average of Column 2 and Column 4

Schedule 31

Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)

**Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate 400**

(1) <u>Incurred Allowed Claims</u> (A)	(2) <u>Incurred Allowed Claims PCPM</u> (B)	(3) <u>Projection Factor</u> (C)	(4) <u>Radiology Management Factor</u> (D)	(5) <u>Projected Allowed Claims PCPM</u> (E)	(6) <u>Net-to- Allowed Factor</u> (F)	(7) <u>Projected Paid Claims PCPM</u> (H)
Inpatient	\$8,248,947	\$270.76	1.2266	1.0000	\$332.11	0.8680
Outpatient	\$5,823,875	\$191.16	1.1766	0.9923	\$223.19	0.8680
Surgical/Medical	\$9,643,650	\$316.54	1.1345	0.9908	\$355.81	0.8680
<u>Preferred Rx</u>	<u>\$6,165,091</u>	<u>\$202.36</u>	<u>1.2206</u>	<u>1.0000</u>	<u>\$247.00</u>	<u>0.7162</u>
Total				\$1,158.11		\$967.74

(A) Incurred allowed claims (prior to subscriber cost sharing) for Basic Rate (Pool I) HealthMate 400 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.

(B) Column 1 divided by 30,466 Basic Rate (Pool I) HealthMate 400 contract months for 04/1/06-03/31/07.

(C) Per Schedule 53, Column 3 submitted under seal.

(D) Per Schedule 40.

(E) Column 2 times Column 3 times Column 4.

(F) Per Schedule 41, Line 3, Column 1

(G) Per Schedule 45, Line 3, Column 1

(H) Column 5 times Column 6.

Schedule 32

**Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)**
Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate 2000

<u>Incurred Claims</u> (A)	<u>Incurred Claims PCPM</u> (B)	<u>Projection Factor</u> (C)	<u>Radiology Management Factor</u> (D)	<u>Projected Incurred Claims PCPM</u> (E)	<u>Net-to- Allowed Factor</u> (F)	<u>Projected Paid Claims PCPM</u> (H)
Inpatient	\$1,229,812	\$109.83	1.2266	1.0000	\$134.72	0.6636
Outpatient	\$1,001,883	\$89.48	1.1766	0.9923	\$104.47	0.6636
Surgical/Medical	\$2,291,054	\$204.61	1.1345	0.9908	\$229.99	0.6636
Preferred Rx	\$1,748,375	\$156.15	1.2206	1.0000	\$190.60	0.7113
Total				\$659.78	\$446.92	

(A) Incurred allowed claims (prior to subscriber cost sharing) for Basic Rate (Pool I) HealthMate 2000 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.

(B) Column 1 divided by 11,197 Basic Rate (Pool I) HealthMate 2000 contract months for 04/1/06-03/31/07.

(C) Per Schedule 53, Column 3 submitted under seal.

(D) Per Schedule 40.

(E) Column 2 times Column 3 times Column 4.

(F) Per Schedule 42, Line 3, Column 1

(G) Per Schedule 45, Line 6, Column 1

(H) Column 5 times Column 6.

Schedule 33

**Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)**
Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate for HSA 3000

(1) <u>Incurred Claims</u> (A)	(2) <u>Incurred Claims PCPM</u> (B)	(3) <u>Projection Factor</u> (C)	(4) <u>Radiology Management</u> (D)	(5) <u>Projected Incurred Claims PCPM</u> (E)	(6) <u>Net-to- Allowed Factor</u> (F)	(7) <u>Projected Paid Claims PCPM</u> (G)
Inpatient	\$2,654,746	\$167.75	1.2266	1.0000	\$205.76	0.7036
Outpatient	\$1,829,154	\$115.58	1.1766	0.9923	\$134.94	0.7036
Surgical/Medical	\$3,168,178	\$200.19	1.1345	0.9908	\$225.03	0.7036
Preferred Rx	\$1,931,644	\$122.06	1.2206	1.0000	<u>\$148.99</u>	<u>0.7036</u>
Total				\$714.72		\$502.87

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Basic Rate (Pool I) HSA 3000 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.
- (B) Column 1 divided by 15,826 Basic Rate (Pool I) HSA 3000 contract months for 04/1/06-03/31/07.
- (C) Per Schedule 53, Column 3 submitted under seal.
- (D) Per Schedule 40.
- (E) Column 2 times Column 3 times Column 4.
- (F) Per Schedule 43, Line 3, Column 1
- (G) Column 5 times Column 6.

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Schedule 34

Blue Cross & Blue Shield of Rhode Island

Class DIR Basic Rate (Pool I)

**Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate for HSA 5000**

<u>Incurred Claims</u> (A)	<u>Incurred Claims PCPM</u> (B)	<u>Projection Factor</u> (C)	<u>Radiology Management Factor</u> (D)	<u>Projected Incurred Claims PCPM</u> (E)	<u>Net-to- Allowed Factor</u> (F)	<u>Projected Paid Claims PCPM</u> (G)
Input Patient	\$131,250	\$32.04	1.2266	1.0000	\$39.30	0.4011
Outpatient	\$168,292	\$41.09	1.1766	0.9923	\$47.97	0.4011
Surgical/Medical	\$326,560	\$79.73	1.1345	0.9908	\$89.62	0.4011
Preferred Rx	\$135,209	\$33.01	1.2206	1.0000	\$40.29	0.4011
Total				\$217.18		\$87.11

(A) Incurred allowed claims (prior to subscriber cost sharing) for Basic Rate (Pool I) HSA 5000 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.

- (B) Column 1 divided by 4,096 Basic Rate (Pool I) HSA 5000 contract months for 04/1/06-03/31/07.
- (C) Per Schedule 53, Column 3 submitted under seal.
- (D) Per Schedule 40.
- (E) Column 2 times Column 3 times Column 4.
- (F) Per Schedule 44, Line 3, Column 1
- (G) Column 5 times Column 6.

Schedule 35

**Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)**
Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate 400

(1) <u>Incurred Claims</u> (A)	(2) <u>Claims PCPM</u> (B)	(3) <u>Incurred Factor</u> (C)	(4) <u>Projection Factor</u> (D)	(5) <u>Radiology Management</u> (E)	(6) <u>Projected Incurred Claims PCPM</u> (F)	(7) <u>Net-to- Allowed Factor</u> (G)	Projected Paid Claims <u>PCPM</u> (H)
Inpatient	\$1,711,464	\$65.44	1.2266	1.0000	\$80.27	0.8167	(F) \$65.56
Outpatient	\$2,194,125	\$83.89	1.1766	0.9923	\$97.94	0.8167	(F) \$79.99
Surgical/Medical	\$3,753,866	\$143.53	1.1345	0.9908	\$161.34	0.8167	(F) \$131.77
<u>Preferred Rx</u>	<u>\$1,552,020</u>	<u>\$59.34</u>	<u>1.2206</u>	<u>1.0000</u>	<u>\$72.43</u>	<u>0.7123</u>	<u>(G) \$51.59</u>
Total					\$411.98		\$328.91

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred Rate (Pool II) HealthMate 400 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.
- (B) Column 1 divided by 26,154 Preferred Rate (Pool II) HealthMate 400 contract months for 04/1/06-03/31/07.
- (C) Per Schedule 53, Column 3 submitted under seal.
- (D) Per Schedule 40.
- (E) Column 2 times Column 3 times Column 4.
- (F) Per Schedule 41, Line 3, Column 2
- (G) Per Schedule 45, Line 3, Column 2
- (H) Column 5 times Column 6.

Schedule 36

**Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)**
Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate 2000

<u>Incurred Claims</u> (A)	<u>Incurred Claims PCPM</u> (B)	<u>Projection Factor</u> (C)	<u>Radiology Management Factor</u> (D)	<u>Projected Incurred Claims PCPM</u> (E)	<u>Net-to- Allowed Factor</u> (F)	<u>Projected Paid Claims PCPM</u> (G)
Inpatient	\$165,093	\$18.54	1.2266	1.0000	\$22.74	0.5510
Outpatient	\$417,863	\$46.94	1.1766	0.9923	\$54.80	0.5510
Surgical/Medical	\$938,526	\$105.42	1.1345	0.9908	\$118.50	0.5510
Preferred Rx	\$356,807	\$40.08	1.2206	1.0000	<u>\$48.92</u>	0.7193
Total					\$244.96	\$143.20

(A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred Rate (Pool II) HealthMate 2000 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.

- (B) Column 1 divided by 8,903 Preferred Rate (Pool II) HealthMate 2000 contract months for 04/1/06-03/31/07.
- (C) Per Schedule 53, Column 3 submitted under seal.
- (D) Per Schedule 40.
- (E) Column 2 times Column 3 times Column 4.
- (F) Per Schedule 42, Line 3, Column 2
- (G) Per Schedule 45, Line 6, Column 2
- (H) Column 5 times Column 6.

Schedule 37

**Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate for HSA 3000**

<u>Incurred Claims</u> (A)	<u>Claims PCPM</u> (B)	<u>Incurred Factor</u> (C)	<u>Projection Factor</u> (C)	<u>Radiology Management Factor</u> (D)	<u>Projected Incurred Claims PCPM</u> (E)	<u>Net-to- Allowed Factor</u> (F)	<u>Projected Paid Claims PCPM</u> (G)
Inpatient	\$396,353	\$24.27	1.2266	1.0000	\$29.77	0.4964	\$14.78
Outpatient	\$665,867	\$40.77	1.1766	0.9923	\$47.60	0.4964	\$23.63
Surgical/Medical	\$1,202,832	\$73.65	1.1345	0.9908	\$82.79	0.4964	\$41.10
<u>Preferred Rx</u>	<u>\$367,915</u>	<u>\$22.53</u>	<u>1.2206</u>	<u>1.0000</u>	<u>\$27.50</u>	<u>0.4964</u>	<u>\$13.65</u>
Total					\$187.66		\$93.16

(A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred Rate (Pool II) HSA 3000 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.

(B) Column 1 divided by 16,331 Preferred Rate (Pool II) HSA 3000 contract months for 04/1/06-03/31/07.

(C) Per Schedule 53, Column 3 submitted under seal.

(D) Per Schedule 40.

(E) Column 2 times Column 3 times Column 4.

(F) Per Schedule 43, Line 3, Column 2

(G) Column 5 times Column 6.

Schedule 38

**Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)**
Calculation of Projected Paid Claims Per Contract Month
for April 1, 2008 Billing Cycle for HealthMate for HSA 5000

(1) <u>Incurred Claims</u> (A)	(2) <u>Incurred Claims PCPM</u> (B)	(3) <u>Projection Factor</u> (C)	(4) <u>Radiology Management</u> (D)	(5) <u>Projected Incurred</u> (E)	(6) <u>Net-to- Allowed</u> (F)	(7) <u>Projected Paid Claims PCPM</u> (G)
Inpatient	\$23,243	\$5.67	1.2266	1.0000	\$6.95	0.2542
Outpatient	\$82,379	\$20.09	1.1766	0.9923	\$23.46	0.2542
Surgical/Medical	\$169,211	\$41.26	1.1345	0.9908	\$46.38	0.2542
<u>Preferred Rx</u>	<u>\$34,355</u>	<u>\$8.38</u>	<u>1.2206</u>	<u>1.0000</u>	<u>\$10.23</u>	<u>0.2542</u>
Total				\$87.02		\$22.12

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred Rate (Pool II) HSA 5000 for 04/1/06-03/31/07 estimated to 100% complete. Excludes Organ Transplant claims, Preferred Rx Vendor fees and adult immunization expense from RI Department of Health assessment.
- (B) Column 1 divided by 4,101 Preferred Rate (Pool II) HSA 5000 contract months for 04/1/06-03/31/07.
- (C) Per Schedule 53, Column 3 submitted under seal.
- (D) Per Schedule 40.
- (E) Column 2 times Column 3 times Column 4.
- (F) Per Schedule 44, Line 3, Column 2
- (G) Column 5 times Column 6.

Schedule 39

Section VI:

**Calculation of Radiology Management
Savings Factors and Net-to-Allowed Factors**

Schedule 40

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Radiology Management Savings Factors
for Surg-Med and Outpatient**

1.	DP Surg-Med high-end radiology claims for 4/06-3/07:	\$1,661,406
2.	Savings estimated @ 7.5%:	0.075
3.	Estimated savings to Surg-Med due to Radiology Management: (A)	\$124,605
4.	DP Outpatient high-end radiology claims for 4/06-3/07:	\$946,524
5.	Savings estimated @ 7.5%:	0.075
6.	Estimated savings for Outpatient due to Radiology Management: (B)	\$70,989
7.	Surg-Med Claims at 100% completion: (C)	\$13,564,828
8.	Outpatient Claims at 100% completion: (D)	\$9,161,812
9.	Surg-Med Factor: (E)	0.9908
10.	OP Factor: (F)	0.9923

- (A) Line 1 times Line 2.
(B) Line 4 times Line 5.
(C) Paid Surg-Med Claims for the base period at 100% completion.
(D) Paid Outpatient Claims for the base period at 100% completion.
(E) 1 minus Line 3 divided by Line 7.
(F) 1 minus Line 6 divided by Line 8.

Schedule 41

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Non-Drug Net to Allowed Factor for HealthMate Direct 400 Plan**

	(1)	(2)
	<u>Pool I</u>	<u>Pool II</u>
1. Projected Incurred Allowed Claims (A)	\$27,911,250	\$8,939,650
2. Adjusted Net Amount (B)	\$24,226,965	\$7,301,012
3. Net to Allowed Factor (C)	0.8680	0.8167

Key Benefit Provisions

- PPO plan
- In network
 - \$20 primary care visit copay
 - \$40 specialist visit copay
 - \$75 urgent care copay
 - \$200 emergency room copay
 - All other services except certain preventive care services and ambulance apply to \$400 individual / \$800 family deductible
 - 10% member paid coinsurance after deductible
 - Out of pocket maximum of \$2,500 individual / \$5,000 family
- Out of network
 - All services except urgent/emergency and ambulance apply to separate \$400 individual / \$800 family deductible
 - For PCP and Specialist visits, member pays in network copay plus 40% coinsurance after deductible
 - 40% member paid coinsurance after deductible for all other services
 - Separate out of pocket maximum of \$2,500 individual / \$5,000 family

- (A) Total non-drug allowed claims for HealthMate Direct 400 incurred 4/1/2006-3/31/2007 and projected to 4/1/2008-3/31/2009.
(B) Projected Incurred Allowed Claims minus member liability.
(C) Line 2 divided by Line 1.

Schedule 42

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Non-Drug Net to Allowed Factor for HealthMate Direct 2000 Plan**

	(1)	(2)
	<u>Pool I</u>	<u>Pool II</u>
1. Projected Incurred Allowed Claims (A)	\$5,286,504	\$1,758,919
2. Adjusted Net Amount (B)	\$3,508,124	\$969,165
3. Net to Allowed Factor (C)	0.6636	0.5510

Key Benefit Provisions

- PPO plan
- In network
 - \$20 primary care visit copay
 - \$40 specialist visit copay
 - \$75 urgent care copay
 - \$200 emergency room copay
 - All other services except certain preventive care services and ambulance apply to \$2,000 individual / \$4,000 family deductible
 - 20% member paid coinsurance after deductible
 - Out of pocket maximum of \$3,000 individual / \$6,000 family
- Out of network
 - All services except urgent/emergency and ambulance apply to separate \$2,000 individual / \$4,000 family deductible
 - For PCP and Specialist visits, member pays in network copay plus 40% coinsurance after deductible
 - 40% member paid coinsurance after deductible for all other services
 - Separate out of pocket maximum of \$5,000 individual / \$10,000 family

- (A) Total non-drug allowed claims for HealthMate Direct 2000 incurred 4/1/2006-3/31/2007 and projected to 4/1/2008-3/31/2009.
(B) Projected Incurred Allowed Claims minus member liability.
(C) Line 2 divided by Line 1.

Schedule 43

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Total Net to Allowed Factor for HealthMate for HSA 3000 Plan

	(1)	(2)
	<u>Pool I</u>	<u>Pool II</u>
1. Projected Incurred Allowed Claims (A)	\$11,360,557	\$3,083,315
2. Adjusted Net Amount (B)	\$7,993,288	\$1,530,557
3. Net to Allowed Factor (C)	0.7036	0.4964

Key Benefit Provisions

- PPO Plan
- In network
 - All services (including drug) except certain preventive care services apply to \$3,000 individual / \$6,000 family deductible
 - 100% coverage after deductible
- Out of network
 - All services except certain preventive care services apply to separate \$3,000 individual / \$6,000 family deductible
 - 40% member paid coinsurance after deductible
 - Out of pocket maximum of \$6,000 individual / \$12,000 family

- (A) Total non-drug and drug allowed claims for HealthMate for HSA 3000 incurred 4/1/2006-3/31/2007 and projected to 4/1/2008-3/31/2009.
(B) Projected Incurred Allowed Claims minus member liability.
(C) Line 2 divided by Line 1.

Schedule 44

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Total Net to Allowed Factor for HealthMate for HSA 5000 Plan

	(1)	(2)
	<u>Pool I</u>	<u>Pool II</u>
1. Projected Incurred Allowed Claims (A)	\$894,522	\$359,341
2. Adjusted Net Amount (B)	\$358,793	\$91,344
3. Net to Allowed Factor (C)	0.4011	0.2542

Key Benefit Provisions

- PPO Plan
- In network
 - All services (including drug) except certain preventive care services apply to \$5,000 individual / \$10,000 family deductible
 - 100% coverage after deductible
- Out of network
 - All services except certain preventive care services apply to separate \$5,000 individual / \$10,000 family deductible
 - 40% member paid coinsurance after deductible
 - Out of pocket maximum of \$10,000 individual / \$20,000 family

- (A) Total non-drug and drug allowed claims for HealthMate for HSA 5000 incurred 4/1/2006-3/31/2007 and projected to 4/1/2008-3/31/2009.
(B) Projected Incurred Allowed Claims minus member liability.
(C) Line 2 divided by Line 1.

Schedule 45

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Drug Net to Allowed Factor for 20%/25%/50%/\$75 Coinsurance Plan

	(1)	(2)
	<u>Pool I</u>	<u>Pool II</u>
HealthMate Direct 400		
1. Projected Incurred Allowed Claims (A)	\$7,525,110	\$1,894,396
2. Net Amount for 20%/25%/50%/\$75 drug coinsurance plan (B)	\$5,389,484	\$1,349,378
3. Net to Allowed Factor for 20%/25%/50%/\$75 drug coinsurance plan (C)	0.7162	0.7123
Healthmate Direct 2000		
4. Projected Incurred Allowed Claims (A)	\$2,134,066	\$435,519
5. Net Amount for 20%/25%/50%/\$75 drug coinsurance plan (B)	\$1,517,961	\$313,269
6. Net to Allowed Factor for 20%/25%/50%/\$75 drug coinsurance plan (C)	0.7113	0.7193

Key Benefit Provision

- Tiered member paid coinsurance (20%/25%/50%/\$75) based on contractual payment levels for prescriptions

- (A) Total drug allowed claims (excluding specialty Rx benefit and pricing) from 4/1/2006-3/31/2007 and projected to 4/1/2008-3/31/2009.
(B) Total drug net claims (including specialty Rx benefit and pricing) from 4/1/06-3/31/07 and projected to 4/1/2008-3/31/2009.
(C) Line 2 divided by Line 1.
(D) Line 5 divided by Line 4.

Schedule 46

Section VII:
Administrative Expenses

Schedule 47

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Administrative Expense per
Contract Month for April 1, 2008 Billing Cycle**

	(1)	(2)
	<u>Number of Months</u>	<u>Administrative Expense per Contract Month</u>
<u>April 1, 2008 Billing Cycle</u>		
April 1 - December 31, 2008	9	\$50.74 (A)
<u>January 1 - March 31, 2009</u>	3	<u>\$52.68 (B)</u>
Total		\$51.23 (C)

(A) Per Schedule 48, Column 3 for Calendar Year 2008.

(B) Per Schedule 48, Column 3 for Calendar Year 2009.

(C) Sum of Column 1 times Column 2 divided by 12.

Schedule 48

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Calendar Year 2008 and Calendar Year 2009
Administrative Expense per Contract Month**

	(1)	(2)	(3)
	<u>Administrative Expense Budget</u>	<u>Projected Contract Months</u>	<u>Administrative Expense Budget PCPM</u> (C)
CY 2008	\$5,864,482 (A)	115,584	\$50.74
CY 2009	\$6,088,865 (B)	115,584	\$52.68

- (A) Derived from the 2008 budget for Direct Pay. Includes fees paid to vendors.
(B) Derived from the 2009 budget for Direct Pay. Includes fees paid to vendors.
(C) Column 1 divided by Column 2.

Schedule 49

Section VIII:
Organ Transplant

11/15/2007

Schedule 50
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Organ Transplant
Calculation of Required Monthly Subscription Rates

	(1)	(2)	(3)	(4)
	Solid Organ Transplant	Bone Marrow Transplant		
	Individual	Family	Individual	Family
1. Calendar 2008 at 90% Reinsurance Capitation per Contract Month (A)	\$1.0200	\$3.3200	\$1.9200	\$6.4200
2. Calendar Year 2008 at 10% for Blue Cross Incurred Claims Expense per Contract Month (B)	\$0.1133	\$0.3689	\$0.2133	\$0.7133
3. Total Calendar Year 2008 Capitation / Incurred Claims Expense per Contract Month (C)	\$1.1333	\$3.6889	\$2.1333	\$7.1333
4. Composite Projection Factor	1.0250 (H)	1.0250 (H)	1.0250 (I)	1.0250 (I)
5. Rate Period Capitation / Incurred Claims Expense per Contract Month (D)	\$1.1616	\$3.7811	\$2.1866	\$7.3116
6. Investment Income Credit per Contract Month (E)	(\$0.0023)	(\$0.0076)	(\$0.0044)	(\$0.0146)
7. Reserve Contribution / Federal Tax Liability / State Premium Tax Assessment/ New System Component per Contract Month (F)	\$0.0340	\$0.1107	\$0.0640	\$0.2141
8. Required Monthly Subscription Income per Contract Month (G)	\$1.19	\$3.88	\$2.25	\$7.51

(A) From BCS Insurance Company.

(B) Estimated Blue Cross incurred claims expense per contract month: (Line 1 divided by 0.90) minus Line 1.

(C) Line 1 plus Line 2.

(D) Line 3 times Line 4.

(E) Reduction of required subscription income per contract month due to anticipated return on invested funds.

Assumed to be 0.20% of rate period capitation/incurred claims expense (Line 5 times -0.0020).

(F) A 1% reserve loading plus 0.25% federal tax liability plus 1.1% state premium tax assessment plus 0.5% new system component: ((Line 5 plus Line 6) divided by 0.9715) minus (Line 5 plus Line 6).

(G) Sum of Lines 5 through 7, rounded to the nearest cent.

(H) Per Schedule 51, Column 2.

(I) Per Schedule 51, Column 3.

Schedule 51

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Organ Transplant

Calculation of Composite Projection Factors for Incurred Claims Expense

	(1)	(2)	(3)
	<u>Number of Months</u>	<u>Solid Organ Transplant</u>	<u>Bone Marrow Transplant</u>
<u>April 1, 2008 Billing Cycle</u>			
April 1 - December 31, 2008	9	1.0000	1.0000
January 1 - March 31, 2009	3	<u>1.1000</u> (A)	<u>1.1000</u> (C)
Composite Projection Factor		1.0250 (B)	1.0250 (D)

- (A) Based on an annual increase of 10.00% for 2009 over 2008, estimated by BCS Insurance Company.
(B) Sum of Column 1 times Column 2 divided by 12.
(C) Based on an annual increase of 10.00% for 2009 over 2008, estimated by BCS Insurance Company.
(D) Sum of Column 1 times Column 3 divided by 12.

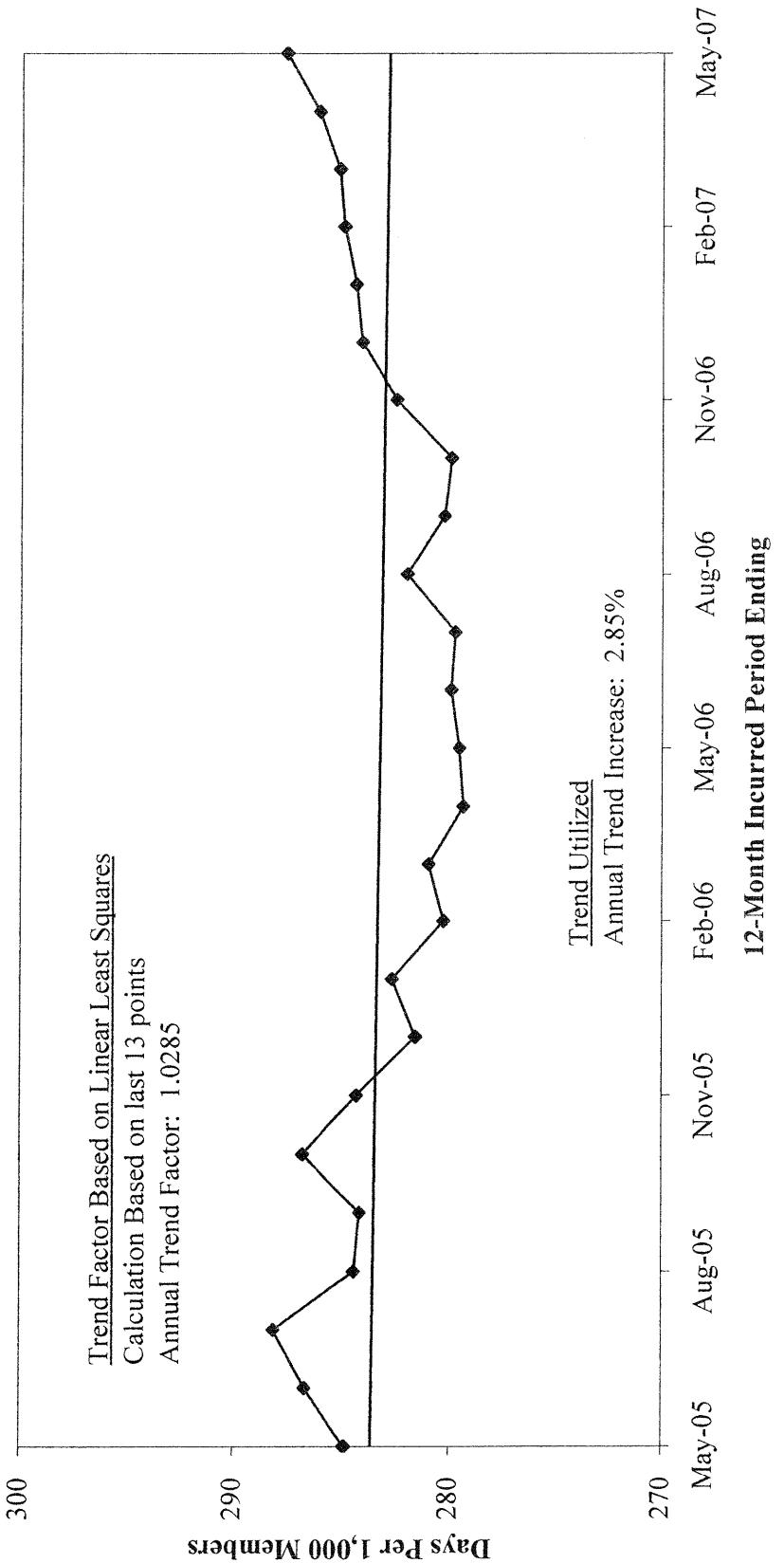
Schedule 52

Section IX:
Trends and Projection Factors

Schedule 54

**Blue Cross and Blue Shield of Rhode Island
Commercial Group**

**Hospital Inpatient: Historical Days Per 1,000 Members and
Utilization Trends**

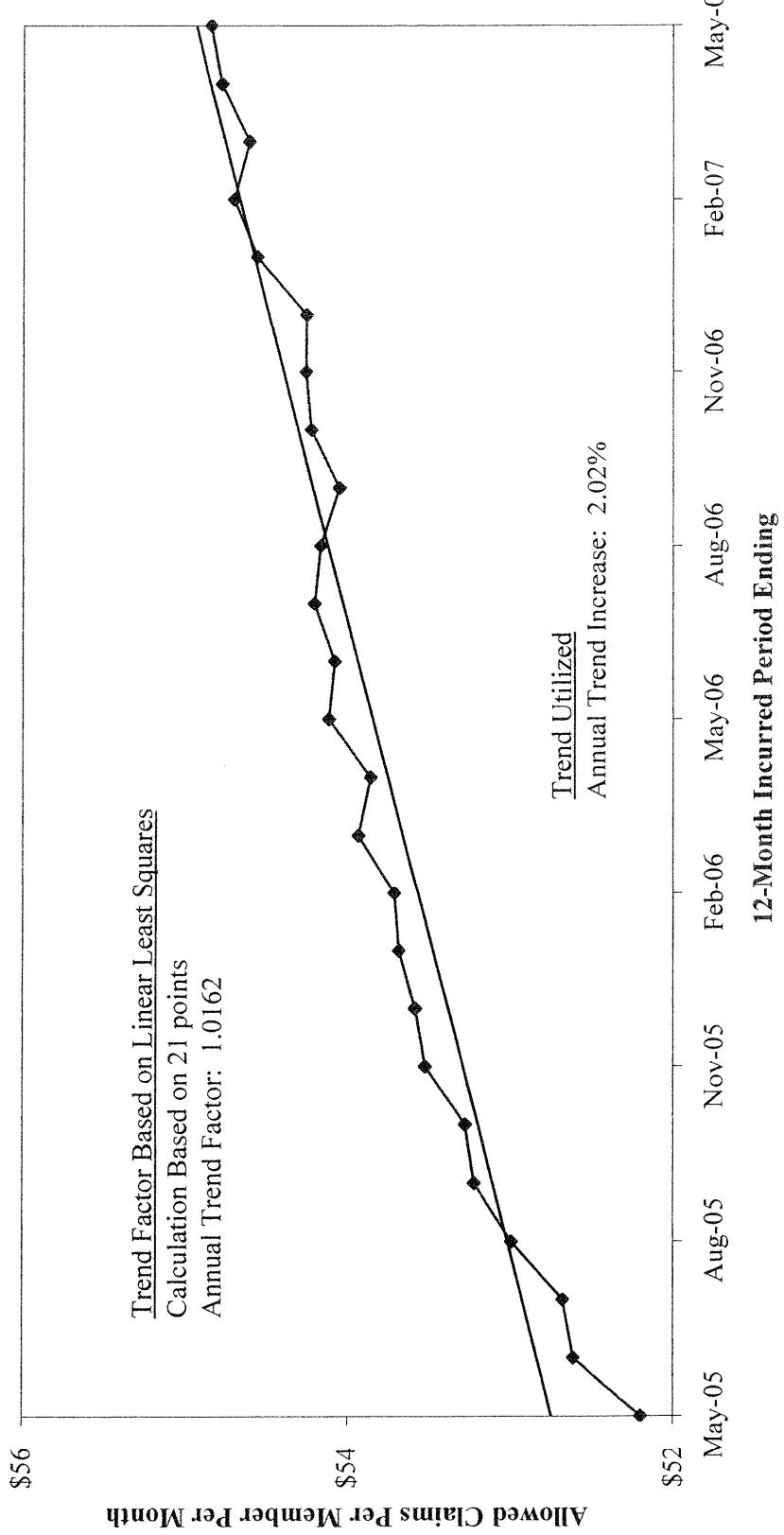


11/15/2007

Schedule 55

Blue Cross and Blue Shield of Rhode Island
Commercial Group

Hospital Outpatient: Historical Allowed Claims PMPM and
Utilization/Mix Trends

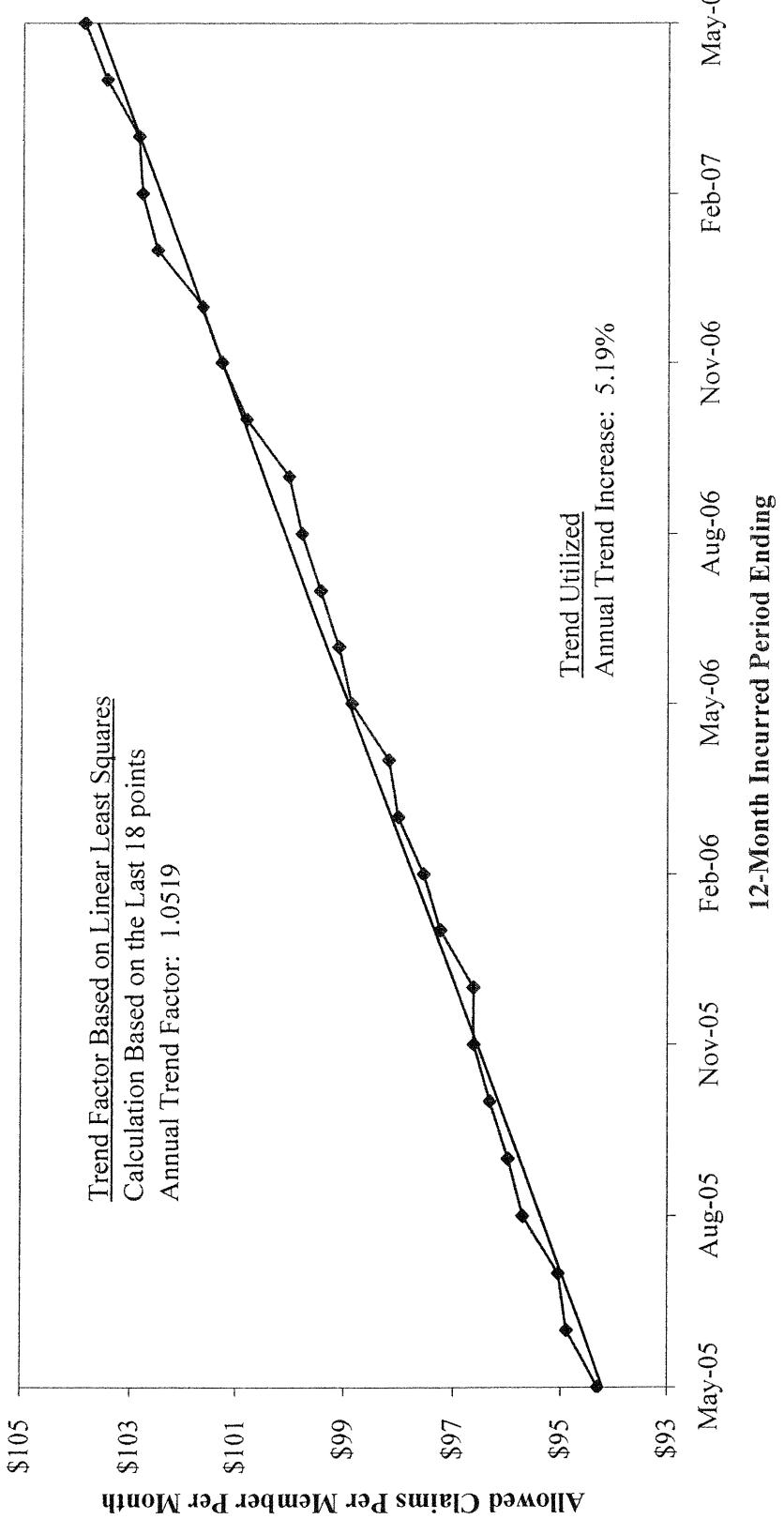


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Schedule 56

Blue Cross and Blue Shield of Rhode Island
Commercial Group

**Surgical/Medical: Historical Allowed Claims PMPM and
Utilization/Mix Trends**

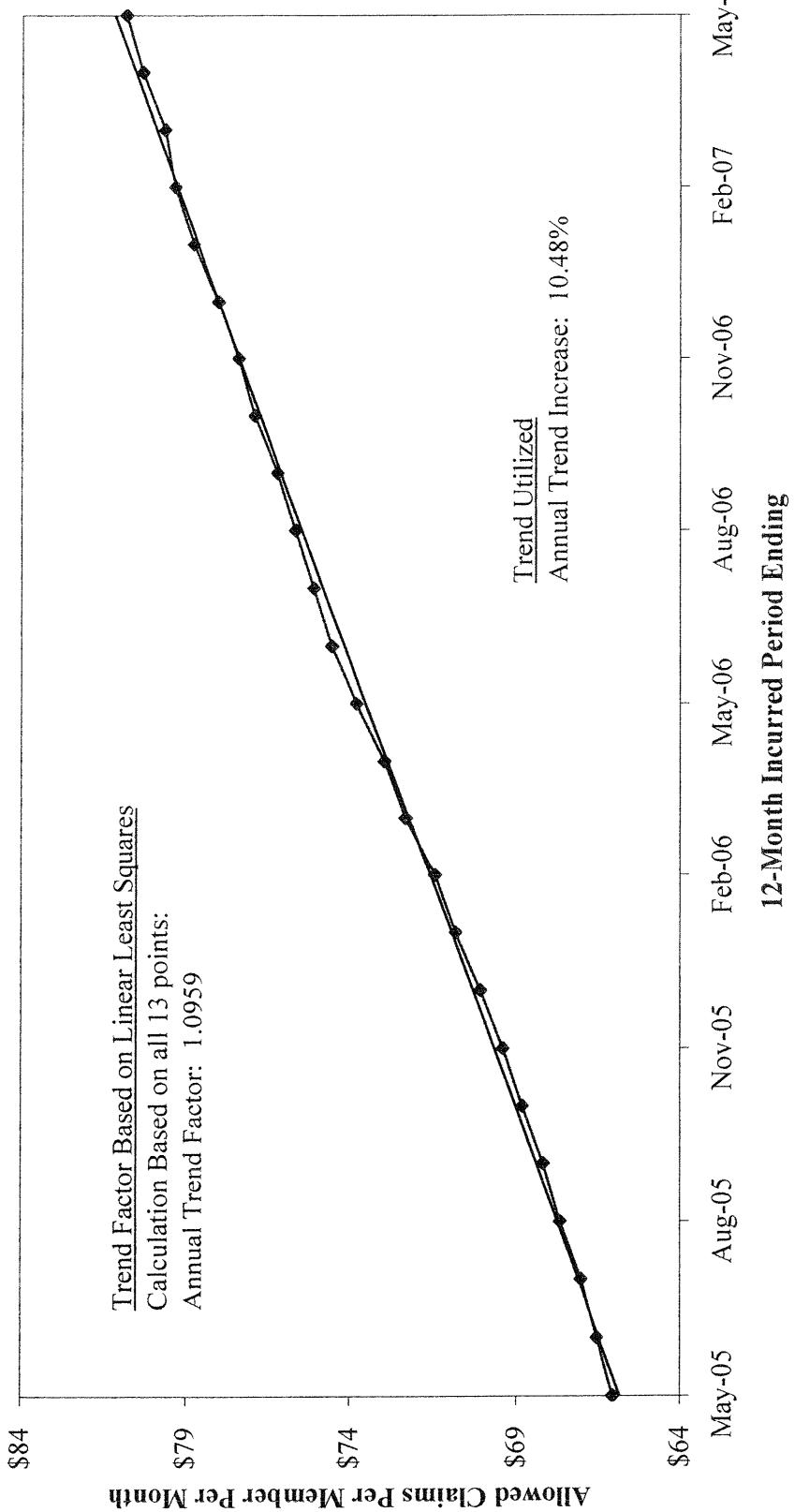


11/15/2007

Schedule 57

Blue Cross and Blue Shield of Rhode Island
Commercial Group

Preferred Rx: Historical Allowed Claims PMPM
and Allowed Claims PMPM Trends



11/15/2007

Schedule 58
Blue Cross and Blue Shield of Rhode Island
Commercial Group
Point Values Utilized in Development of Trends

12-Month Incurred Period <u>Ending</u>	Hospital Inpatient Days Per 1,000 <u>Members</u>	Hospital Outpatient Allowed <u>Claims PMPM</u>	Surgical/ Medical Allowed <u>Claims PMPM</u>	Preferred Rx Allowed <u>Claims PMPM</u>
		(A)	(A)	
May-05	284.79	\$52.20	\$94.29	\$66.02
Jun-05	286.61	\$52.62	\$94.89	\$66.50
Jul-05	288.08	\$52.69	\$95.04	\$67.02
Aug-05	284.37	\$53.01	\$95.71	\$67.66
Sep-05	284.09	\$53.24	\$95.99	\$68.17
Oct-05	286.72	\$53.29	\$96.33	\$68.82
Nov-05	284.25	\$53.53	\$96.63	\$69.40
Dec-05	281.53	\$53.59	\$96.63	\$70.09
Jan-06	282.61	\$53.69	\$97.24	\$70.84
Feb-06	280.28	\$53.72	\$97.55	\$71.46
Mar-06	280.95	\$53.93	\$98.02	\$72.33
Apr-06	279.37	\$53.86	\$98.19	\$72.96
May-06	279.56	\$54.11	\$98.87	\$73.79
Jun-06	279.94	\$54.08	\$99.10	\$74.52
Jul-06	279.76	\$54.20	\$99.44	\$75.07
Aug-06	281.96	\$54.16	\$99.80	\$75.64
Sep-06	280.28	\$54.05	\$100.04	\$76.19
Oct-06	279.95	\$54.22	\$100.83	\$76.89
Nov-06	282.46	\$54.25	\$101.30	\$77.39
Dec-06	284.05	\$54.25	\$101.67	\$78.01
Jan-07	284.34	\$54.56	\$102.54	\$78.79
Feb-07	284.87	\$54.70	\$102.82	\$79.36
Mar-07	285.08	\$54.61	\$102.89	\$79.68
Apr-07	286.02	\$54.77	\$103.49	\$80.35
May-07	287.57	\$54.84	\$103.89	\$80.86

(A) All periods adjusted to the June 2004 provider fee level.